

FISCAL NOTE

Bill #: HB0704

Title: Time requirements for certain DPHHS actions involving long-term care facilities

Primary Sponsor: Windy Boy, J

Status: Second Reading - Revised

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$29,643	\$28,155
Federal Special Revenue	\$207,501	\$197,085
Revenue:		
General Fund	\$0	\$0
Federal Special Revenue	\$207,501	\$197,085
Net Impact on General Fund Balance:	(\$29,643)	(\$28,155)

☐ Significant Local Gov. Impact

☐ Technical Concerns

☐ Included in the Executive Budget

☐ Significant Long-Term Impacts

☐ Dedicated Revenue Form Attached

☐ Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

Department of Public Health and Human Services

1. This bill requires the Department of Public Health and Human Services (DPHHS) to provide written determination of the outcome of informal disputes within 45 days from the date the review process is complete.
2. The Quality Assurance Division (QAD) within DPHHS performs the informal dispute resolution process for long-term care facilities for the state and to inform long-term care facilities of the results of any survey within 10 working days of the last date of the survey
3. This bill further requires DPHHS to conduct this function within existing levels of funding. Sufficient resources do not exist within the department to provide for the services as required in this bill.
4. The resources required to accomplish the mandates of this bill are as follows:

Informal Dispute Resolution

5. Current hearing decisions take approximately 130 days. These hearings are quite complex and often involve multiple issues that must be decided. Each single issue often requires research into federal and

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state regulations, nursing home industry standards, and medical standards of practice. Currently 1.00 FTE is devoted to this function within DPHHS.

6. It is estimated that an additional 2.00 FTE hearing officer level staff would be necessary in order to complete Informal Dispute Resolution (IDR) hearings within 45 calendar days. (130 days divided by 3 = 43 days). It is estimated that 2.00 FTE fair hearing officer level staff will cost \$104,700 in FY 2006 and FY 2007.

- a. 2.00 FTE at \$52,350 per FTE = \$104,700

7. Operating costs for 2.00 FTE are estimated to be \$13,872 in FY 2006 and \$7,920 in FY 2007.

- a. FY 2006 $\$5,952 + \$7,920 = \$13,872$

- i. New Employee computer and office packages at $\$2,976 \times \text{two} = \$5,952$

- ii. Supplies, rent and phones of $\$3,960 \times \text{two} = \$7,920$

- b. FY 2007 Supplies, rent and phone of $\$3,960 \times \text{two} = \$7,920$

8. Funding associated with these 2.00 FTE is 12.50 percent general fund and 87.50 percent federal funds.

Survey Results

9. QAD performed 418 surveys of nursing facilities in FY 2004. QAD did not meet the 10 working days standard for 16 percent of the health surveys and 10 percent of the fire/life safety surveys in nursing facilities.

10. Quality assurance review of the survey form is needed to ensure that inaccurate data is not entered. This survey form must ultimately be posted in the facility for public review. The federal government also publishes results of the survey on a nationally available web page. Thus, accuracy is critical to both providers and DPHHS. If the DPHHS feels that more work needs to be done to make the survey form as accurate as possible, the practice has been to hold it and work on it rather than send it out with inaccuracies.

11. The QAD has limited staff and has focused on areas that are believed provide the most risk to nursing home residents if they are not met. These include investigating complaints and meeting the federally prescribed timelines for surveys in nursing homes (one survey every 12 months). In addition, nursing home surveys represent only 74 percent of the total QAD survey workload. The rest of the survey workload is federally mandated and funded through Federal Title 18 and Federal Title 19 funds. Resources from these other federally mandated surveys cannot be shifted from other areas to the nursing facility survey process without running into compliance problems.

12. Currently the equivalent of 1.00 FTE, or 40 hours per week, is spent performing the quality assurance piece of reviewing survey functions for QAD. It is estimated that an additional 2.00 FTE nurse level staff would be needed to complete the quality assurance review prior to a survey form being sent to a facility within 10 working days. Total surveys of all facility types show that QAD do not meet a 10 working day threshold 33 percent of the time.

13. It is estimated that 2.00 FTE nurse level staff will cost \$104,700 in FY 2006 and FY 2007.

- a. 2.00 FTE at \$52,350 per FTE = \$104,700

14. Operating costs for 2.00 FTE are estimated to be \$13,872 in FY 2006 and \$3,200 in FY 2007.

- a. FY 2006 $\$5,952 + \$7,920 = \$13,872$

- i. New Employee computer and office packages at $\$2,976 \times \text{two} = \$5,952$

- ii. Supplies, rent and phones of $\$3,960 \times \text{two} = \$7,920$

- b. FY 2007 Supplies, rent and phone of $\$3,960 \times \text{two} = \$7,920$

15. Funding associated with these 2.00 FTE is 12.50 percent general fund and 87.50 percent federal funds.

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FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
FTE	4.00	4.00
<u>Expenditures:</u>		
Personal Services	\$209,400	\$209,400
Operating Expenses	<u>\$27,744</u>	<u>\$15,840</u>
TOTAL	\$237,144	\$225,240
<u>Funding of Expenditures:</u>		
General Fund (01)	\$29,643	\$28,155
Federal Special Revenue (03)	<u>\$207,501</u>	<u>\$197,085</u>
TOTAL	\$237,144	\$225,240
<u>Revenues:</u>		
Federal Special Revenue (03)	\$207,501	\$197,085
Other		
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$29,643)	(\$28,155)

TECHNICAL NOTE:

1. To carry out the functions of this bill without the funding identified in the assumptions of this bill will potentially negatively impact to other DPHHS programs to provide the funding required from within the department.
2. The bill will result in a loss of approximately \$200 thousand in federal revenue per year to Montana for the federal reimbursement share of this program.